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Letter dated 21 June 2012 from the Permanent Representative of Australia to the United Nations addressed to the President of the Economic and Social Council

I have the honour to transmit herewith the report of the Development Cooperation Forum High-level Symposium held in Brisbane, Australia, on 14 and 15 May 2012 on the theme "Shaping a Sustainable Future — Partners in Development Cooperation" (see annex).

I would be grateful if the present letter and its annex could be circulated as a document of the Economic and Social Council under agenda item 2 (b).

(*Signed*) Gary **Quinlan**
Permanent Representative

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Report of the Development Cooperation Forum High-level Symposium, held in Brisbane, Australia, on 14 and 15 May 2012

"Shaping a Sustainable Future — Partners in Development Cooperation"

I. Introduction

1. In the 2005 World Summit Outcome, the General Assembly mandated the Economic and Social Council to hold a biennial high-level Development Cooperation Forum to review trends in international development cooperation, including strategies, policies and financing, promote greater coherence among the development activities of different development partners and strengthen the link between the normative and operational work of the United Nations.

2. The Forum aims to promote and improve international development cooperation to attain the internationally agreed development goals, including the Millennium Development Goals. It provides a platform for a wide range of development actors to debate policies and give directions and recommendations.

3. The third High-level Development Cooperation Forum will be held in New York on 5 and 6 July 2012. To facilitate dialogue among countries and development cooperation actors, some Member States and the Department of Economic and Social Affairs of the United Nations Secretariat supported the organization of high-level symposiums in 2011 and 2012. The Australia High-level Symposium was the last of three such symposiums held in preparation for the 2012 Forum. The first, held in Mali in May 2011, addressed the ways in which aid can achieve development results. The second symposium, on how best to maximize the impact of aid by leveraging other sources of development finance, was convened in Luxembourg in October 2011.

II. Australia High-level Symposium

4. The Australia High-level Symposium took place one month before the United Nations Conference on Sustainable Development (Rio+20), against the backdrop of the ongoing economic and financial crisis. Entitled "Shaping a Sustainable Future — Partners in Development Cooperation", the main objective of the Symposium was to discuss the nexus between development cooperation and sustainable development.

5. Although the Earth Summit, held in Rio de Janeiro in 1992, raised awareness of the need to ensure economically, socially and environmentally sustainable development, 20 years later this remains an aspiration rather than a reality. Transitioning towards sustainable development requires rethinking development models. Development cooperation will play an important role in helping developing countries to address this paradigm shift. The implications of sustainable

development on the approaches, delivery and institutions of development cooperation need to be better understood and translated into effective actions.

6. The Symposium participants, representing a wide range of actors (high-level policymakers, national parliaments, multilateral organizations, civil society organizations and the private sector), exchanged lessons learned on the ways in which development cooperation could help pursue sustainable development paths. They reflected on opportunities and challenges to enhance progress. The role of sustainable development in a post-2015 United Nations development agenda was the focus of much attention. The discussions, held under the Chatham House Rule, were frank and lively.

7. The recommendations of the symposium will form the basis for discussions at the 2012 Development Cooperation Forum. Key findings will also be discussed at side events during the Rio+20 Conference.

III. Key messages from the Australia High-level Symposium

A. Implementing sustainable development is urgent — we are reaching environmental and social tipping points

"Evidence shows that the way we've been doing development is not sustainable — it's putting pressure on our ecology, it's leading to poverty and it's creating greater inequality."

- Harnessing global investment flows towards sustainable development is an immediate priority. Key areas include energy efficiency, infrastructure, agriculture, construction, forest conservation and production and consumption patterns
- Rapid globalization has intensified interlinkages, increasing regional and transboundary issues. Cooperation on sustainable development needs to take place at all levels — global, regional and national

B. Achieving sustainable development results takes time; partners should take stock of lessons learned

"A long-term view is essential to achieving sustainable development outcomes."

- In challenging economic circumstances, aid must be sustained and predictable. Ensuring that donor countries have bipartisan support for development cooperation can ensure aid predictability beyond the political cycle
- Aid can serve as a catalyst within a robust regulatory framework. Further work is needed to see where aid can unlock other sources of funding
- Activities need to be scalable and have long-term and sustained funding
- A careful balance is needed between short-term results and long-term objectives. There is a strong need to ensure that long-term approaches are reflected in national development plans
- Each country has its specific needs and vulnerabilities. Sustainable development responses must be tailored to the local context

- The Development Cooperation Forum can play a role in information sharing and dissemination, analysing lessons learned and building on successes

C. Development cooperation is playing an important role in sustainable development

"Predictability, transparency and long-term engagement are important for recipient countries as we walk down a sustainable development pathway."

- The current development cooperation model stretches the capacity of all actors. There is duplication of efforts throughout international institutions (for example, the United Nations, the Group of 20 and the Organization for Economic Cooperation and Development) and a number of unfulfilled development commitments. There is a strong need for consistency and coherence
- Sustainable development cooperation must be der and-driven. Too often, development interventions miss the mark, as they are not aligned with national goals and plans. It is time to put programme countries firmly in the driver's seat. Aid transparency needs to be taken seriously. Recipients have the right to know how donors are spending money in their country and to seek clarity on the results of development cooperation. Conversely, donor country taxpayers have the right to know how their money is being spent and whether it is being used effectively. By making aid transparent, development actors will be made more accountable for sustainable development results
- Mutual accountability frameworks should be broadened to include a focus on sustainable development. Irrespective of different country contexts, national aid policies should reflect agreed sustainable development priorities from all sectors
- Progress has been made in donor harmonization, but more needs to be done. Fragmentation in aid programmes remains a major constraint. Donors cannot be effective if they try to be "all things to all people"; their support must be more strategic to have more impact. By delegating cooperation and channelling increased funding through multilateral institutions, development agencies can avoid duplication, decrease fragmentation and reduce administrative burdens. Aid dollars can then go further, including in supporting sustainable development results
- Partnerships are a means to achieving sustainable development, not an end in themselves. Successful partnerships have a number of common elements: mutual respect and trust; strong and effective governance; adequate financial flows; joint accountability and transparency; technological innovation; and performance measurement
- Aid alone will not be sufficient for the transition to sustainable development. However, public policies can redirect capital and help to reduce the financing costs for developing countries. Further efforts are needed to draw on private sector financing sources and innovation for sustainable development outcomes. Areas of possible improvement include: establishing price signals to value sustainability (for example, through differentiated taxation); strengthening regulation; introducing emissions trading systems; developing sustainable development criteria for public procurement; encouraging

widespread adoption of sustainable development criteria in investment; developing risk-sharing mechanisms; and enhancing the certainty of long-term regulatory and policy frameworks to incentivize private investment in sustainable industries

D. Greater focus on integrating sustainable development and poverty reduction is needed

"It is time we stop thinking of sustainable development as an environment issue. It is about integrating economic, social and environmental dimensions of development."

- Development cooperation can only have a long-term impact if all three dimensions of sustainable development — economic, social and environmental — are taken into account
- National development plans should be the primary instrument for integrating the economic, social and environmental dimensions of development
- A number of lessons highlight the importance of developing capacity. Answers to sustainable development are at least as likely to come from the South as from the North. Learning must be seen as a "two-way street". Capacities in sustainable development planning need to be strengthened across global, regional, national and subnational levels. Capacities also need to be strengthened so people can participate and benefit from the wider changes in the economy

E. A post-2015 framework for sustainable development needs to remain simple and aspirational

"Sustainable development goals are important. However, they must not be homogenous. They must be flexible in terms of application at the national level and responsive to different countries' realities."

- Goals are needed to guide development efforts beyond 2015
- Development goals should continue to be aspirational. They should be simple and easy to measure. The goals must have a robust accountability framework and all stakeholders will have a role to play in ensuring accountability to the goals
- Rio+20 will serve as a stepping stone in defining a post-2015 United Nations development agenda. The outcome of Rio+20 can set the foundation of a future global sustainable development compact, fully integrating sustainable development and poverty eradication as its overarching focus
- The Development Cooperation Forum has a role to play in the follow-up to Rio+20 and the definition of the development agenda beyond 2015. The 2012 Forum should launch and guide the implementation of the outcome of Rio+20. It should consult on the implementation of the Busan Partnership for Effective Development Cooperation

IV. Summary of discussions

A. Lessons learned in gearing development cooperation towards sustainable development

8. **Sustainable development is development.** Development cooperation actors largely share the same vision of development: a holistic process bolstered by mutually reinforcing interrelations across economic, social and environmental dimensions. There are successful experiences in helping developing countries to promote sustainable development. However, countries are still struggling with the challenge of integrating its pillars.

9. **The Rio principle of common but differentiated responsibilities remains valid more than ever.** With new actors, modalities and sources of financing, the development landscape has become increasingly complex and is characterized by different competing and overlapping agendas. Aid is not only an important expression of solidarity, it can also bring benefits to both providers and programme countries, especially if geared towards improving sustainable livelihoods.

10. **Sustainable development should be country-owned and country-led.** Development assistance should be provided on the basis of demand, rather than priorities of donors. It should focus on strengthening institutions. Aid modalities must be adapted to specific country contexts. Aid quality principles, such as accountability for long-term results, donor coordination, predictability and flexibility, remain relevant.

11. **Focusing on long-term results is all the more important in the context of sustainable development.** In a context where citizens are demanding measurable results from development cooperation, quick wins need to be balanced against the longer-term impact on poverty reduction and sustainability. Donors should come in early and stay for the "long haul", with clear exit strategies. Further reflection is needed on the evaluation of sustainable development to measure the results of development efforts.

12. **Achieving sustainable development requires cooperation and balanced relationships between development cooperation actors.** Showing mutual respect, building trust and managing expectations are key elements of successful partnerships, but many development partnerships remain unbalanced. A mutually agreed and broadly applicable code of conduct could help to overcome inequalities and promote effective cooperation.

13. **The way sustainable development is financed is changing.** For many countries, aid remains critical and can make a real difference if it is used effectively. However, aid alone is insufficient for sustainable development. Aid is increasingly used to mobilize other sources of development finance. Trade, foreign and domestic private investment, and South-South and triangular cooperation must be harnessed more effectively. It is important to find ways to gear other resources towards sustainable development.

14. **Public and private sources of financing for development need to be better coordinated.** Currently, the majority of resources for infrastructure projects in developing countries come from the private sector. Where aid is used as a catalyst, it is important to ensure that public money does not crowd out private sector

investment. A dynamic private sector helps to reduce aid dependency over the long term.

15. **Major companies can play a pivotal role by using more sustainable technologies and infrastructure.** The 500 largest companies that produce the bulk of the world's commodities must be incentivized to produce in a manner that is more sustainable.

16. **Mutual accountability between provider and programme countries is a critical driver for sustainable development.** Evidence shows that countries with robust mutual accountability mechanisms and tools can align aid more closely with national priorities, thus achieving better results. Accountability should apply to, and engage, all types of providers and actors in programme countries. To achieve this, it must build on democratic ownership and domestic accountability, both in provider and programme countries.

17. **We now better understand what is needed to promote mutual accountability**. Every programme country should have an aid policy as a central plank of mutual accountability and this policy must be focused on sustainable development. Mutual accountability works best if it is based on a jointly shared and owned agenda. A locally driven framework to monitor performance and impact is equally important. There should be high-level annual reviews of the ways in which aid is delivering progress, engaging all constituencies in programme countries. This national process must primarily involve oversight of development activities by parliament and greater engagement with civil society. Aid transparency and the provision of readily available, comprehensive and timely information must be taken seriously to provide a basis for mutual accountability. Domestic accountability should also be strengthened in provider countries.

B. Gearing international cooperation towards sustainable development faces a number of challenges

18. **Progress on the Millennium Development Goals remains limited**. Despite some progress, poverty, hunger, inequality and disease continue to be widespread. The high up-front costs of transitioning towards sustainable development will further increase pressure on development financing. Against the backdrop of the economic and financial crisis, taxpayers are increasingly reluctant to support international cooperation.

19. **Sustainable development cooperation must become the new mindset of development cooperation**. Development cooperation is critical to advance this shared vision. Commitments should be kept and plans or programmes (for example, in support of natural resource management, education, health, accountability and democratic governance) need to be adapted to make sustainable development a reality. They should be guided by evidence (for example, the benefits of investing in women and girls), with aid allocations based on needs and vulnerability to climate change and economic shocks. No country should be left aside. Mechanisms should be put in place to prevent unintended environmental or social effects of projects.

20. **All three pillars of sustainable development require equal attention, with poverty eradication remaining an overarching objective**. To promote sustainable development, it is not enough to add elements of environmental protection: the economic pillar of sustainable development requires fundamental rethinking to put

the world on a more sustainable footing. Some participants stressed that while integration was important, poverty eradication should remain the priority.

21. **The onus of aligning different actors behind the national agenda for sustainable development lies with political leaders at the highest level.** Only they can break silos between different ministries and other actors. Programme country Governments must exert strong political leadership in engaging international and national actors around their national sustainable development agendas.

22. **Development activities and access to financing must become more people-centred.** Development cooperation is not about the executive alone; it should encompass other stakeholders and be more people-centred. Citizens and their advocates can help to ensure that development finance is allocated according to needs, with equal weight given to all three pillars of sustainable development. Local communities and resources must be better mobilized.

23. **Prioritizing sustainable development should not lead to imposing new conditionalities.** Providers continue to influence the ways in which development cooperation flows are being utilized, including by adding conditionalities. Aid-related decisions are too often taken behind closed doors. Despite an improving track record on aid quality in programme countries, providers do not provide adequate budget support or report on-budget and on-plan. It will also become more important to see how much of development cooperation is actually programmable at the country level. There are concerns that sustainable development could be used as a pretext for imposing new conditionalities. To allay these apprehensions, all actors should be convened regularly to discuss the modalities of their activities.

24. **Aid management and coordination face difficult choices.** There is broad consensus that aid programmes should be consolidated. Providers should coordinate better with each other, including with providers not present in the country. This will inevitably mean that they will have to be selective and concentrate in areas of comparative advantage and cutting-edge experience.

25. **Capacity development must be reshaped to better support sustainable development priorities.** Despite much effort to advance capacity development, it is still limited. Each country has different capacity needs and requires tailored assistance that is designed to support Government priorities to achieve sustainable development. Capacity development should be better targeted at all relevant ministries. Support to develop capacity of non-executive stakeholders should also be increased.

26. **While some question the predominant economic model, attracting the right type of financing for sustainable development continues to be challenging.** With a number of commitments unmet, financing gaps are huge. More predictable and long-term engagement of providers is urgently needed. The aid effectiveness agenda remains critical, as large amounts of aid continue to be wasted by inefficient use and cumbersome processes. Many programme countries face challenges in coherently managing the growing influx of diverse sources of development finance and even more so in channelling these resources to sustainable development.

27. **Independent oversight of development cooperation activities is important** to assess, for example, whether loan agreements are in line with national priorities and sustainable. Internal oversight mechanisms, such as Auditor General reports, should be strengthened, with the compilation of more frequent reports issued in a

more timely fashion. In parallel, civil society should be given more scope, both at the national and local levels, to assess development cooperation activities.

28. **Accountability of all actors is critical.** In addition to Governments, international civil society actors must be held more accountable at the country level. Non-governmental organizations frequently provide development cooperation without reporting on national development plans.

29. **Policy incoherencies must be addressed at all levels.** Global or national systems are rarely designed to promote the integration of economic, social and environmental dimensions. Improving policy coherence between development policies and policies guiding trade, investment and technology transfer is imperative, ensuring that the impact of aid is not undermined by other flows.

30. **International forums should better coordinate to avoid duplication in their deliberations.** With the multiplicity of actors, similar issues of sustainable development and development cooperation are discussed in different international forums. The creation of new institutions is not necessarily what is required. Discussions in different forums should build on each other and avoid duplication.

C. Opportunities to promote sustainable development through international cooperation

31. **The time to rethink development cooperation is now.** Rio+20 and the ongoing discussions on the post-2015 United Nations development agenda will help to guide future development cooperation activities.

32. **New opportunities are opening up to engage all development cooperation actors to achieve sustainable development.** All actors must be bold and visionary when devising sustainable development strategies. Such strategies should build on a sustained learning process. Donors should think "out of the box" and take risks to promote innovative solutions that can be brought to scale.

33. **Development has many more advocates than ever before.** A growing number of actors are engaging in development cooperation. They bring their expertise and lessons on what works and what does not in achieving sustainable development through international cooperation.

34. **The role of Government in development is better recognized,** as is the need to develop the capacities of national institutions. Country ownership remains the underlying principle for sustainable development. At the same time, regional and subregional cooperation remains vital for sustainable development.

35. **New types and sources of development finance can be tapped.** Aid is increasingly used to help to harness untapped resources, such as foreign direct investment and other investments, and gear them towards sustainable development. Climate change finance can be an important driver for sustainable development, but must be additional to official development assistance. Some large regional funds remain underexploited.

36. **Many efforts are promising and ready to be scaled up, but must be closely monitored.** Innovative approaches in the areas of energy or waste management can be scaled up. Technological advances that support access to information and communication by citizens who could otherwise not afford such access, must be better tapped by development cooperation. Investments must therefore be guided by

social safeguards and regularly monitored by independent actors, including through tracking systems at the regional level.

37. **If used in the right way, limited resources can move mountains.** Despite financial constraints, all actors should continue to have high ambitions for development cooperation. Unconventional and people-centred approaches can achieve impressive results, particularly in the area of social development. One country example showed that using local resources and mobilizing communities was critical to deliver on the goal of building 1,000 additional classrooms in a short period of time. Innovative sources of financing should also be better targeted towards the overall goal of sustainable development.

38. **Governments and companies should work together to spur innovation and reduce uncertainty for investment.** Companies are increasingly looking to developing countries as a source of innovative ideas. Regulatory frameworks and building a positive image are critical for developing countries to attract investment. This represents important opportunities, which are yet to be fully tapped.

39. **A wealth of knowledge exists and should be better tapped.** Increased multi-stakeholder involvement will help to better use the potential of rich indigenous knowledge. Developing countries have knowledge and expertise that they are willing to share with their fellow developing countries. South-South cooperation can help to share innovative solutions and scale-up successful practices.

40. **Mutual accountability frameworks should be broadened to include a focus on sustainable development.** Irrespective of country context, national aid policies should reflect sustainable development priorities agreed by all sectors, as well as those agreed at the national level, with mainstreaming in Government policies. Robust national sustainable development strategies in some countries could serve as examples for others. The United Nations should play a particular role in holding donors accountable for supporting the pursuit of sustainable development priorities.

41. **Regional and global mutual accountability can further encourage progress on the ground.** Evidence shows that the establishment of mutual accountability frameworks and tools is often driven by global and regional-level initiatives to promote the establishment of mutual accountability at the country level. An informed technical debate is taking place at the global level, with mechanisms increasingly consolidating activities to provide a better picture of where aid commitments are not being met. It is important to work towards a single global framework. At the regional level, successful examples show that bringing all relevant actors together to discuss a concrete compact of commitments is key to getting expectations right and securing progress. The Cairns Compact on Strengthening Development Coordination in the Pacific is one example of a regional peer review mechanism which has helped to promote greater mutual accountability. Such accountability mechanisms can help to ensure that promises made become promises kept.

D. Looking forward: shaping a sustainable future — the evolving post-2015 development agenda

42. **Development efforts beyond 2015 should be guided by a set of goals within a single agenda.** Rio+20 is a development conference, not an environmental conference. It will make important contributions to the post-2015 United Nations

development agenda. This is the time to rethink development models. Views differ on what such an agenda should consist of, but stakeholders seem to agree that there is a need to work towards a single United Nations development agenda, post-2015, with sustainable development at its centre.

43. **Future development goals must be inspirational, simple, few and easy to monitor**. The Millennium Development Goals should be preserved and a post-2015 development agenda should build on them. Visible gaps in realizing the Goals should be addressed. The sustainable development agenda and goals, when agreed, should apply to all countries.

44. **The post-2015 development agenda must have sustainable development at its heart**. International forums should reinforce this message, with development cooperation adapting rapidly to this shift. While aid should be "greened", poverty eradication and inclusive growth in poorer countries should remain the priority. Issues such as women's participation, youth and children, employment and decent work, and building a self-reliant economy, should remain at the heart of any future agenda. Key areas related to the environment include sustainable consumption and production patterns and investment in infrastructure. Reduction in per capita greenhouse gas emissions and protection of biodiversity should also be part of the future development agenda. Moreover, inspiration could be taken from the commitments and principles on development effectiveness agreed at the Busan High-level Forum on Aid Effectiveness. Broad consultations, including with civil society and young people, are needed before drawing up the new goals.

45. **Post-2015 goals should address peace, security and rights as well as governance and the rule of law**. Governance is closely related to building the capacities of national institutions. The focus on governance should not lead to imposing conditionalities on developing countries. The focus should also entail governance in developed countries. Moreover, attention should be given to governance at the international level. Developing countries' participation in international institutions is essential. A rights-based approach to development should be an integral part of the post-2015 goals.

46. **Sustainable development interventions should be designed with the "bigger picture" in mind**. They should take into consideration the broader context in which they are embedded. This context is defined by the current dynamics of increasing globalization and growing interdependence. It is also defined by the intensification of global challenges that require collective action. Sustainable development is certainly one such challenge.

47. **Different types of partnerships must be pursued**. South-South cooperation has an essential role, but its characteristics remain distinct from North-South cooperation. Effective partnerships with the private sector will be increasingly important to promote sustainable development. It will also be relevant to encourage independent scientific research to guide development policy of both programme countries and providers.

48. **Sustainable development must be mainstreamed** in aid policies of programme countries and strategic plans of providers without undermining national ownership and leadership or adding new conditionalities. Measuring progress on sustainable development may require an approach by which individual development cooperation projects and programmes are reviewed more rigorously and against

criteria that allow quantitative assessments. This should take place without losing track of the bigger picture.

49. **The post-2015 United Nations development agenda should have accountability at its heart**. It is important to ensure accountability not only of Governments but also civil society organizations and the private sector. The small number of countries that have championed mutual accountability should be encouraged to showcase the benefits of mutual accountability in practice and the roles different stakeholder groups can and should play. This should be done while avoiding straining their often scarce human resources.

50. **The Development Cooperation Forum has a role to play in the follow-up to Rio+20 and the definition of the post-2015 United Nations development agenda**. As the only intergovernmental forum with universal membership, it is well placed to guide implementation of the Rio+20 outcome and explore implications of the Busan Partnership for United Nations-led processes on effective development cooperation. The Forum should also develop a toolkit and repository of information, good practices and lessons learned in promoting sustainable development, vetted against a transparent set of criteria. In addition, it should strengthen its position as a global apex body for mutual accountability to help develop true partnership frameworks for sustainable development. Complementarity between various platforms is key. The Development Cooperation Forum should be prepared to take on a new role as a unique universal intergovernmental process, including contributing to the discussions on the post-2015 development agenda.